SECTION S. A

FILE No. 40 of 1900-07

SERIAL No.

Previous reference S.A. 73 of 1897-98

Banaji D.A.

Endorsed

Communicated
Banaji Nagaraja Rao
20/5/44

SECRETARY'S OFFICE

SECTION 8 A

EXCISE BRANCH

FILE NO. 400/1900-01

SER'AL NO.

OFFICE NOTE

SUBJECT Adjustment of the balance of advance made to Messrs Parry and Co, which has outstood as Govt: advanced to the Company at 10½ annas a gallon the price of certain quantity of arrack and sold that at 6½ annas to farmers;
(2) as also of the price of arrack brought at Govt: cost for bringing up weak liquors to normal strength.

LAST REFERENCE Letter No. 4370/229 dated 25th Feby 1901.

from the Excise Commr

B

Since the introduction of the Bonded depôt System, liquor is being by the Govt: carrying contractor carried from the Central Distillery at Bangalore to the respective depôts and issued from there to farmers producing receipts from the respective Taluk treasuries in proof of having paid the price and duty. But before any liquor is removed from the Distillery, the manufacturers are advanced

to the Bangalore District Treasury the price of such arrack, though the amount so advanced is held as one awaiting clearance and is adjusted every month by transfer receipts from other District Treasuries to the extent of money received from farmers in the respective districts on account of the price of arrack. In this arrangement there will always be in the Bonded Depôts some stock which will be replenished now and then by means of fresh indents. No difficulty was experienced when Govt: had to pay 10½ annas per gallon and could reimburse themselves at the same rate - But as by the advent of the new contract from 1st July 1847 the price was reduced to 6⅓ annas per gallon, Govt: had

to sell at this reduced rate all the quantity of arrack which remained ~~in depôts~~ undisposed in depôts at the end of Messrs Parry and Co's contract and which they had purchased at 10½ annas a gallon on or before 30th June 1897. So when the old arrack manufacturing contract held by Messrs Parry and Co was closed on 30th June 97, there was in the Boarded depôts a balance of stock amounting to 13,695 gls, 33 drms and 6,535 gls 27 drs were en route to replenish the stock in them. All this viz 20,231 gls 9 drs had been purchased on or before 30th June 1897 by advancing

Thomson Parry and Co supplied at a rate of 10½ annas a gallon and as according to the stipulations in the Annual Sale Notification for 97 98, Govt: were bound to supply annual to farmers from the following day, viz 1st April 1897, at 6½ annas a gallon, the said 10,231 gls 4 qrs had to be sold at a discount of 4as 2p (10a 6p – 6a 4p = 4a 2p) per gallon or of Rs 5,268-8-7 on the whole quantity. (10,231 gls 4 qrs x 4a 2p = 5268x8a 7p). Government cannot now therefore find any party from which to recover the amount of 5,268-8-7 outstanding in the Bangalore District Treasury as balance of advance made to Thomson Parry and Co.

This item of account is written off the accounts as it is one of the consequences of the transaction between the old & the new contractors for the reduction of rates secured on the occasion of the latter

5 5

2. Liquor becomes weak if allowed to stand for some time in the Depôt before it is measured out to farmers it has to be brought up to the normal strength of 20° U.P. by the addition of liquors of higher strength which again have to be brought from the manufacturers at Govt: cost. The price of such liquors which Govt have alone to bear comes to 585-9-3 as per statement B submitted by the Excise Comm.

This too is an item the sanctioning of which is merely formal — C.

3. The Excise Comm therefore submits a bill for Rs 5854-1-10 (Rs 5268-8-7 + 585-9-3 = 5854-1-10) and recommends that it be met from General Savings as was ordered done in a similar case in Govt Proc

17/80
There is no other alternative than sanctioning the item as the work is over — but care must be taken to be borne after in future months

No: 5761-2 & 13th Dec 1897.
Rev 193

Subd. & Secy. with a draft for appl. AK 4/3/81

6

Sent to the Atty Newman
Q
11/3/07

2 pac - Lec
order of Atty
Newman under
effect note Q
11/3/07

7

Tenders have to be called for - & thick at work the 1st June 1902 -

Rect 7 Annl 11/3/01

Submitted 2nd C

The draft has been issued as directed -

2. The current Arrack Manufacturing Contract began on 1st July 1897 and will terminate on 30th June 1902 (Vide Govt: Notfn No: 5814/Su 223 dy 28/12/96 Copy put up) - Tenders may be invited for the next contract before the end of December 1901 as was done last ~~year~~ time or a few months earlier if approved.

Copies of Notifications for the sale of Arrack vend farms and Separate Shops for the year 1897-98 are also put up. Condition (4)(a) of para 7 of vend form Notification No: 422/Su dy the 17th March 1897 - and Condition (3) of

Para 7 of Separate Abstract Notification

No: 423/Ex of 17th March 1897 —

stipulate the supply of arrack at the rate of 1/3 annas a gallon.

R. 15/3/01

1178

14/3/01

There is no reply to the DPS's enquiry about a condition being entered in future notifications regarding farmers paying duty for arrack in bond & transit at the rate paid for them by Govt would the Office explain the omission

18/3/1901

To Excise Branch

24/3/01

RJ
26/3/01

P. J. O.

Submitted.

The office begs to be excused for having been under the impression that a note was to be submitted only of the time when the present contract would terminate and when tenders would have to be invited for the new contract. (Vide Secretary's order of 11th March 1901).

2. As regards the condition to be inserted in the Notification inviting new tenders in order to obviate the loss of the kind under advertence, the office respectfully suggests that additions may be made somewhat as follows :—

(1). a note to condition VII of para 8 of the Notification inviting tenders for the manufacture of arrack :-

" The Government are at liberty

to

to direct that the arrack manufactured by the ~~outgoing~~ out-going contractor, which at the end of the expiring contract will remain in the Bonded Depôts established under the sanction of Govt: or will be in transit to them from the Distillery and which the Govt: will have brought at the rate obtaining during the expiring contract, shall be paid for by the arrack vend farmers and separate shop-keepers for 1902-1903 at the rate at which Government have actually advanced for the same. The quantity that so remained in the Depôts and was in transit to them at the end of Messrs Parry & Co's Contract on 1st July 1897 was 20,231

gallons and 9 drams."

(2) A note to condition (4)(a) of para 7 in the Notification for the sale of arrack vend forms for 1902-1903:-

"The licensee shall purchase the arrack manufactured by the out-going contractors, which ~~with~~ at the end of their contract will remain in the Bonded Depôts established under the sanction of Government or will be in transit to them from the Distillery, at 6⅓ annas per gallon of 20° Under Proof and at proportionate rates for lower strengths in accordance with the Excise Rules".

(3) a note to condition (3) of para 7 in the Notification for the sale of separate arrack shops for 1902-1903:-

"The licensee shall purchase, at 6⅓ annas per gallon of 20° Under Proof, all arrack manufactured by the outgoing

outgoing contractor, which at the end of their contract will remain in the Bonded Depôts established under the sanction of Government or will be in transit to them from the distillery."

3. The Excise Commissioner may, if approved, be requested to favour the Government with his opinion as to whether by the above additions the loss in question will be averted and whether there is any difficulty in making them and whether he can suggest any more advantageous other way of remedying the evil.

The Ex Comr's opinion
may be invited as to how
the loss by spt may in such
cases be avoided instead
of making the purchaser responsible
for the deficit. It may be
possible & strictly regulate
the supply of liquor to the
Bonded Depots at the end

of the contract on such a way that there will be very little liquor left on the Date of determination of the contract.

27/3/01

Subd to the above

31/3/01

Mr moved Head Bn. Convenience - A new Manufacturer wont be able to supply the number required from the date of his contract. A subsidy even earlier would be required for being sent to Outport stations -

Please counsel thereby Commr or to whether by a suitable alteration of the conditions of the right of manufacture & sale & by cancelling

If not please advise how to secure by new manufacturers - Limited Liquor the Limit under averse - the Council not be [illegible] - the may be asked to bear when it must be Grounds for it in future notifications.

30/3/01

Put up draft

Thy 1/4/01

P. J. O.

(Office note continued)

In reply to the above order communicated in this Office no. 7903 / Sr. 7. 9-95 dated 3rd April 1901, (Sl. no 11 on file), the Excise Commr. states that though the Government has had to bear the difference viz R 0-4-2, between the price of arrack up to 30th June 1897 at 10½ as per gallon and the price of the same from 1st July 1897 at 6⅓ as a gallon, on the quantity of arrack which remained as stock in bonded depots &c., before 1st July 1897, yet there was no actual loss to Govt. in as much as they (Govt.) made a profit from other items ie other ~~by the lessees of~~ in the shape of enhanced duty or in the shape of shop rent.

Submitted. [illegible]

kg
4/4/01.

[illegible] 4/01.

I may have misunderstood the matter but I do not see where the difficulty precisely arises.

According to the Contract with the Manufacturers (VIII) the incoming Vendor is bound to buy and the outgoing one to sell a certain quantity of liquor at prices to be determined by the Excise Commrs. The liquor for retail sale is to be purchased only by the Vend-farmers & other licensees to sell. If Govt advances money, it does not thereby become the purchaser. What is not disposed of by final Payts being recovered from purchasing farmers remains the property of the Manufacturer & the Govt it seems to me may recover the amount advanced.

There is another view of the matter. It is an even chance that a new Manufacturing Contract may raise or lower rates. If Govt has purchased liquor at lower rates, it gains by vending it to sellers at

higher rates, just as it would lose if the Contrary result ~~happed~~ happened. The profit & loss may, it is submitted, both be regarded as ordinary incidents of trade.

But introducing Conditions Compelling a new Contractor to purchase liquor at a higher rate, will of Course have its effect in the results of the sale & may fetch us lower rates than it would otherwise do. The proposal to introduce this alteration may, it seems to me, be therefore dropped.

26/4/1907

To the 2nd C.

C16-30
17/4

Note on the action taken

Record

29/4/01

REVENUE DEPARTMENT
Gl. No. 5782
FEB. 27 1901
No 2x2581
From DEWAN'S OFFICE

9

The Excise Commissioner
in Mysore

SECTION S N

FILE NO. G O To 1 1900-1

SERIAL NO. 1

The Secretary to Government
General and Revenue Department

Dated 25 2
Despatched 26 February 1901
Received

General No. 4370
No. 229

Enclosure No. 2 Statements
and One Bill

Subject

Submits for sanction and transmission to the Comptroller a bill for Rs 5854-1-10 being the irrecoverable balance of money advanced to Messrs. Parry and Co; late arrack manufacturers to the Mysore state, and states that the charge may be debited to general savings

2
27.2.01

Rd 27/2/01
5 P.M.

No. 4370 Revs 2 Statements and one Bill
229

Excise Commissioner's office

Bangalore, dated 25th February 1901
26

From

The Excise Commissioner

in Mysore

To

The Secretary to Government,

General and Revenue Department

Sir

I have the honor to state that out of the money advanced to Messrs. Parry and Co, late arrack manufacturers to the Mysore State, whose contract closed on 30th June 1897, a balance of Rs 5-8-5-4-1-10 remains unadjusted, being irrecoverable for the reasons hereinafter stated.

2. Out of the arrack of 20° U. P. supplied by Messrs Parry and Co; and for which money was advanced by Government at their contract rate of 10½ annas per gallon, 20, 231 gallons and 9 drams remained

remained unsold on 1st July 1897 after the close of their contract. For this unsold stock the price advanced to them, amounted to Rs 13,276-11-5 at 10½ annas per gallon. But from 1st July 1897 the new contract rate being only 6⅓ annas per gallon, the price of the said stock of 20,231 gallons and 9 drams of arrack, which was sold to vend farmers and separate shopkepers at the new contract rate of 6⅓ annas per gallon from 1st July 1897, amounted to Rs. 8008-2-10, leaving an irrecoverable balance of Rs 5268-8-7, as per accompanying statement "A"

3. For adjusting to the authorized strength the arrack which became weak in Bonded Depôts, 182 gallons of spirit 60 U.P. and 214 gallons and 31 drams of Proof spirit were utilized in the Depôts, for which Rs. 585-9-3 were advanced by Government to Messrs Parry and Co. This amount also is irrecoverable, it being

payable

payable by Government itself, as per particulars in Statement "B"

4 Thus the total amount which has to be adjusted is Rs. 5-854-1-10, for which a bill is herewith submitted with the request that it may be sanctioned and forwarded to the Comptroller for audit, the charge being met from the general savings in the Excise Budget, as ordered in a similar case in Government Proceedings No. 5-161 / Ex 193, dated 13th December 1897.

I have the honor to be,

Sir,

your most obedient servant

B. Ramaiya

Excise Commissioner

in Mysore.

Government of Mysore   Dr.

Particulars	Amount			Remarks
To The difference between the price advanced at 10½ annas per gallon to Messrs Parry and Co for arrack which remained unsold on 1st July 1897 after the close of their contract; and the price recovered from vend farmers and separate arrack shop-keepers from 1st July 1897 at the new contract rate of 6⅓ annas per gallon as per statement A:-				
(see breakdown below)	Rs 5268	8	7	
Price of proof and O.P. spirits utilized for adjustment of weak liquors in the Bonded Depôts as per statement B - - - - - - - - - - -	Rs 585	9	3	
Total	Rs 5,854	1	10	

Quantity of arrack en route from the Distillery to Bonded Depots	Quantity of arrack that remained in the Bonded Depôts on 1-7-97	Total Quantity	Actual Amount paid to Messrs Parry & Co	Amount recovered from Vend Farmers and separate shop Keepers	Difference to be adjusted in the Treasury accounts
6,535 gls 27 drms	13,695 gls 33 drs	20231 gls 9 drs	13,276-11-5	8,008-2-10	5,268-8-7

Excise Commissioner's Office
Bangalore, dated the 25th February 1901

(Sd) P. N. Krishnaiya
Excise Commr. in Mysore.

A

Statement showing the particulars of arrack (20° U.P.) purchased by Govt. at 10½ annas per gallon from Messrs Parry & Co which remained unsold in Bonded Depôts on 1st July 1897 after the close of their contract and for which the price was recovered from Arrack vend farmers and separate shop-keepers only at 6⅓ annas per gallon from 1st July 1897.

Enclosure No 1 to G.O. No 4 T

Districts	Quantity of Parry and Co's arrack en route from Govt. Distillery to Bonded Depôts		Quantity of arrack which remained in Bonded Depôts		Total Quantity		Amount paid to Messrs Parry and Co at their contract rate of Re 10-6-4 per gallon of 20° U.P.			Amount recovered at the uniform contract rate of Re 0-6-4 per gallon from vend farmers and separate shop-keepers			Difference at Re 0-4-2 per gallon to be adjusted			Remarks
	Gls	Drs	Gls	Drs	Gls	Drs	Rs	a	p	Rs	a	p	Rs	a	p	
Bangalore City	417	45	332	45	750	39	492	11	2	297	3	"	195	8	2	
Bangalore District	1,374	27	"	"	1,374	27	902	"	7	544	1	4	357	15	3	
Kolar Gold Fields	304	16	2,102	3	2,406	19	1,579	2	11	952	8	4	626	10	7	
Kolar District	419	3	2,032	28½	2,451	31½	1,608	13	9	970	6	9	638	7	"	
Tumkur	302	30	842	18	1,144	48	751	5	11	453	3	4	298	2	7	
Mysore City	711	"	1,624	16	2,335	16	1,532	8	10	924	6	4	608	2	6	
Mysore District	755	39	927	42	1,683	30	1,104	13	8	666	6	9	438	6	11	
Hassan	624	45	815	50	1,440	44	945	9	2	570	5	6	375	3	8	
Shimoga	1,041	21	1,744	18	2,785	39	1,828	2	6	1,102	11	2	725	7	4	
Kadur	482	34	2,865	24½	3,348	7½	2,197	3	6	1,325	4	11	871	14	7	
Chitaldroog	101	22	407	43	509	14	334	3	5	201	9	5	132	10	"	
	6,535	27	13,695	33	20,231	9	13,276	11	5	8,008	2	10	5,268	8	7	

Excise Commissioner's Office
Bangalore, dated 25th Febry 1901

(Sd) P. N. Krishnaiya
Excise Commissioner
in Mysore

Statement B.

Statement showing the quantity of over-proof and proof-spirits utilised for adjustment of weak spirits in the Bonded Depôt during the years 1892-93 to 1896-97 during Messrs Parry and Co's Contract.

Years	Strength &c.									Total price paid to Messrs Parry and Co.			Remarks
	60° U.P.					at Proof							
	Quantity		amount			Quantity		amount					
	Gls	D	Rs	as	p	Gls	Ds	Rs	a	p	Rs	as	p	
1892-93	66	"	148	8	"	2	"	1	10	3	150	2	3	
1893-94	22	"	49	8	"	"	"	"	"	"	49	8	"	
1894-95	44	"	99	"	"	52	31	43	2	6	142	2	6	
1895-96	42	"	94	8	"	67	"	54	15	10	149	7	10	
1896-97	8	"	18	"	"	93	"	76	4	8	94	4	8	
Total	182	"	409	8	"	214	31	176	1	3	585	9	3	

Excise Comm's Office
Bangalore, dated 25th Febr 1901

(Sd) P. N. Ramaiya
Excise Commr in Mysore

Draft for approval

Pub.

Exam.

Cash.

Proceedings of the Govt. of Mysore

SECTION Sec. A

FILE No. 40 of 1900-01

SERIAL No. Read: Letter No. 3220 dated the

25th Feby 1901 from the Secretary Commr. in Mysore submitting for sanction a bill for Rs 5854-1-10 amounting to Rs 5854-1-10 as per margin being the balances of advance made to Messrs Parry & Co, late arrack manufacturers to the Mysore State, which have become irrecoverable for the reasons stated in the Commr's letter; and stating that the charge may be met from the general savings in the Excise Budget as ordered in a similar case in Govt: Proc^s No. 5761-2 dated 2nd 193

Rs 5,268-8-7 :- being the difference between the price at 10½ annas which the Govt: advances to Messrs Parry & Co for or before 30th June 1897 for 20,231 lbs 9 ozs (i.e. the quantity of stock that remained in the depots at the end of Messrs Parry and Co's contract + the quantity which was at that time en route to replenish the stock of depots) and the price at 6⅔ annas which was paid by the separate arrack shop keepers and vend farmers for 97-98 as Govt: were bound to sell arrack to these people at the reduced rate.

Rs 585-9-3 :- being the price of spirits brought at Govt: Cost; for bringing such weak liquors to normal strength

Total Rs 5,854-1-10

Rs 5854-1-10 Govt 6/3/07 6/3

Please submit for the Hon'ble Dewan's orders as this is a financial matter

11/3/07

dated 13th December 1897.

Order thereon No: 7296.7. dated 14/3/01
Ex 8-9-95 14

The bill submitted
with the above, is sanctioned
and forwarded to the Comptroller
for adjustment of the advance,
the amount being met from
the source pointed out by
the Excise Commrs

A.
6/3/01
Secretary

To
The Excise Commrs,
" Comptroller with bill &
Statements -

[Keep copy of bills & Statements]

Draft as per ordi...

To

(11)

SECTION S1 The Excise Commr.
FILE No. Leo 1 1900-07 in Mysore.
SERIAL No. 3

No 7903 & 3/4/01
Ex. 7-9-95

Dated 3rd April 1901

Correspondence ending with Government proc. no. 7276-7 Ex. 79-95 dated 14th March 1901 sanctioning a bill for Rs 5-8-54-1-10 being the balances ~~reported to have become irrecoverable owing~~ of advance made to messrs parry & co, late arrack manufacturers to the Mysore State, which was reported to have become irrecoverable owing mainly to the reduction in price, of arrack from 10½ as to 6⅓ as, per gallon from 1st July 1897.

Adverting to the above

has

has the honor to request
that the Excise Commrs in
Mysore will be so good as
to favor the Govt with his
opinion as to whether, by
a suitable alteration of
the conditions of the right of
manufacture and sale, and
by compelling the purchase
of arrack at old rates by
new manufacturers & vendors,
loss of the kind under advertence
could not be avoided, and
that he will also bear this
fact in mind and provide
for it in future notifications.

"By O"

for Secretary

KG
2/4/01

HEADQUARTERS
No. 677 S
APR 1901
Ex 30/4
From REVENUE OFFICE

(12)

SECTION 8/1

FILE No. 40 of 1900 01

To The Excise Commissioner in Mysore.

SER'L No. The Secretary to Govt. of Mysore General and Revenue Depts.

Dated 4th
Despatched 9 } April 1901.
Received

General No. 5203
No. 264

Enclosure No.

In reply to Secretary's —
Docket no 7903 / Ex 31-9-95, dated
the 3d April 1901.

Subject

Explains that there was no actual loss to Government.

2
10.4.01

Submitted with Office note continued.

KG
11/4/01.

No. 5203/264 Excise Commissioner's Office,

Bangalore Dated 4th April 1901.

From

The Excise Commissioner
in Mysore.

To

The Secretary to Government of Mysore,
General and Revenue Departments.

Sir,

In reply to your docket No. 7903/Exc. Fy 9-95, dated the 3rd April 1901, I have the honor to state that though the Government has had to bear the difference, Viz Rs 0-4-2 per gallon of arrack, between the price of arrack supplied up to 30th June 1897, Viz 10½ annas per gallon and the price of arrack supplied from 1st July 1897, Viz 6⅓ annas per gallon, on the quantity which

remained

remained as stock in Bonded Depôts, or which was in transit from the Distillery to Bonded Depôts out of the arrack that had been issued from the Distillery to Bonded Depôts before 1st July 1897, yet there was no actual loss to Government for the reasons explained below:—

(1) The still head duty for arrack up to 30th June 1897 was Rs 4 per gallon; and as it was raised to Rs 4 3/4 from 1st July 1897, the Government levied duty on the stock of arrack which had been issued from the Distillery before 1st July 1897, at Rs 4 3/4 as it was sold to Vend farmers and separate shop keepers from 1st July 1897.

(2) The profit allowed to arrack Vend farmers and separate shop-keepers up to 30th June 1897, was Rs

Rs 0-10-6, (Rs 5-5-0 minus Rs 4-10-6

= Rs 0-10-6); but the profit allowed

to them from 1st July 1897 is Rs 1-3-8,

(Rs 6-6-0 minus Rs 5-2-4 = Rs 1-3-8)

Therefore on the aforesaid arrack

the Government derived more money

in the shape of shop-rent from 1st

July 1897, the price of arrack having

been reduced from 10½ annas to

6⅓ annas per gallon from that date.

I have the honor to be,

Sir,

Your most obedient servant,

M Krishnaiya

Excise Commissioner

in Mysore.

Draft as per red

13

Read again

X

Letter no 4370/229 dated 25th February 1904 from the Commr. in Mysore, reporting that the price paid in advance by Govt. to messrs Parry & Co. for the quantity of 20231-9 drs of arrack which remained as unsold stock on 1st July 97 after the close of their contract, at the then contract rate of 10½ annas per gallon amounted to Rs 13,276-11-5, but that this stock of arrack which was subsequently sold to arrack vend farmers & separate shop-keepers from 1st July 1897 at the new contract rate of Rs 6⅓ annas a gallon, fetched only Rs 8008-2-10, leaving thus a balance of Rs 5,268-8 unadjusted, and submitting therefore for sanction

SECTION SA 25th February 1904
FILE No. 40 of 1900-07 Confdl
SERIAL No. 5 Reporting

a bill for the ~~sa~~ adjustment
of this balance of Rs 5268-8-7.

Read:—

Correspondence ending
with letter no. $\frac{5203}{264}$ dated
4th April 1907 from the same
Officer, stating in reply to this
office no. $\frac{7903}{Ex.7.9-95}$ of 3rd April 1907,
that though the Government
has had to bear a loss of
Rs 5268-8-7 on the quantity
of unsold stock of arrack
referred to above, ~~in consequence~~ as a result
of the reduction in price of
arrack from 10½ as to 6⅓ annas a gallon
from 1st July 1907, yet there
was no actual loss to Govt.
for ~~reasons the following~~
reasons ~~explained~~:— given below:—

(1) The still-head duty
on arrack having been
raised from Rs 4 to 4¾ per
gallon from 1st July 1907,
Government received duty
~~the~~ duty ~~at the enhanced~~

rate on the quantity of arrack which had been issued from the distillery before 1st July 1907 at the enhanced rate of 4¾ as per gallon.

(2) owing to the reduction in price of arrack from 10½ annas to 6⅓ annas a gallon from 1st July 1907, the margin of profit allowed to arrack vend ~~from~~ farmers & separate shop keepers increased from 10½ annas to Rs 1-3-0 on every gallon, and the increased margin of profit thus allowed, brought a corresponding increase of revenue to Govt in the shape of shop rent.

Order hereon:—

Recorded.

8/5/07

For Secretary

9098
Encl. 9-95 13/5/07
13

To The Excise Commissr

tcg 8/5/07